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TAX ALERT

Official Letter No. 2535/TCT-TTKT of General
Department of Taxation

August 2023



Official letter No. 2535/TCT-TTKT of General Department of Taxation

On 21 June 2023, the General Department of Taxation (“GDT”) issued Official Letter No. 2535/TCT-TTKT (the “Official Letter”) to request the commercial banks, credit institutions and intermediary payment service providers (hereinafter referred to as “Payment institutions”) to cooperate with tax authorities in providing transaction information on payment accounts for the purpose of tax audit, inspection and enforcement.

The Official Letter aims to improve the taxation of e-commerce and digital business activities, in particular on an effective mechanism to facilitate the cooperation between payment institutions and tax authorities:

- Payment institutions are required to provide the information, including account transaction details, account balances and transaction amounts within 10 working days upon the request from the Provincial Tax authorities.
- Failure to comply with the request may result in administrative penalties of up to VND16 million per act.
- Payment institutions are responsible for declaring, withholding, paying taxes on behalf of, and tracking the total amount of payment transferred to overseas suppliers engaged in e-commerce and digital business activities with entities in Vietnam.
- Non-compliance with tax obligations, payment institutions would be subject to a penalty equal to the outstanding tax.
- During the implementation, payment institutions can report difficulties or concerns to the Department of Taxation of Large Taxpayers for further consideration and resolution.
- The Department of Taxation of Large Taxpayers is responsible for reporting the business names and website addresses of overseas suppliers who have transactions with payment institutions but have not yet registered with the GDT.
- Local tax authorities will communicate information requests to payment institutions and organize meetings for complex cases.

Deloitte’s perspective

The above provision of the GDT may have a notable impact on the tax administration of e-commerce and digital business activities in the coming period. It is recommended that companies as well as payment institutions should promptly and prudently prepare plans to manage the related impact on information provision and digital tax declaration on behalf of overseas suppliers.

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